



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
WILLIAM JEFFERSON CLINTON BUILDING
1200 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20460**

DATE: February 6, 2017

PREPARED BY: SA [REDACTED]

CASE #: OI-HQ-2016-CFR-0022

CROSS REFERENCE #: Hotline #2015-233

TITLE: RF VALVES, INC, 1342 CHARWOOD ROAD, SUITE A, HANOVER, MD

CASE CLOSING REPORT

Subject(s)	Location	Other Data
RF Valves, Inc	1342 Charwood Rd, Suite A, Hanover, MD	[REDACTED]; contact: ([REDACTED]);

VIOLATION: none found

ALLEGATION(S): 4

On May 28, 2015, EPA, OIG, Hotline Complaint #2015-233, was initiated based on information received from complainant [REDACTED]. According to [REDACTED] in September 2014, [REDACTED] registered a complaint with the State of Oregon - Department of Environmental Quality (DEQ). In addition, [REDACTED] informed [REDACTED] Oregon DEQ, that RF Valves supplied their air release Vent-O-Mat valves to the Big Creek Force Main Project, City of Newport, Oregon (OR), contract # 2012-024, and claimed that their valves were manufactured in the U.S. However according to the Complainant, RF Valves' claim is false because their product (Vent-O-Mat valves) is manufactured in South Africa. The Complainant explained the Big Creek Force Main project is funded by state revolving funds (SRF), therefore to not use product manufactured in the U.S, is a violation of the American Iron and Steel (AIS) requirement that is included in the Appropriations Act for 2014, Public Law (P.L.) 113-76. The Complainant further advised the EPA Clean Water State Revolving fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) require that the AIS' requirements and provisions are followed and implemented on this project. According to the Complainant, after filing [REDACTED] complaint [REDACTED] was contracted to replace and install their product [REDACTED] valves that are made in the U.S. and in compliance with AIS. The Complainant made the following allegations:

(1) RF Valves has been misrepresenting themselves on their website and in the bidding documents by stating, *“Vent-O-Mat valves qualifies for AIS, if specified in the purchase order”*.

(2) In 2009, the parent company Dynamic Fluid Control (DFC) in South Africa purchased RF Valves to be a distributor and serve as their U.S. agent. Therefore, the RF Valves facility in Hanover, Maryland is a warehousing and sales agent only, and not a facility for manufacturing product.

(3) In 2014, on the Big Creek Force Main project in Newport, OR, RF Valves made false claims that their product, Vent-O-Mat air release valves, were manufactured in the U.S., when allegedly their product is manufactured in the South Africa, then shipped to the U.S.

(4) According to the complainant [REDACTED] at least seventy-two (72) SRF projects are in violation of the AIS requirements which are in the Appropriations Act of 2014 P.L.113-76, because allegedly foreign made products were supplied to these projects allegedly by RF Valves, and or waivers were granted by the EPA when they should not have been granted.

FINDINGS: All four allegations were unsupported.

The investigation found that none of the allegations made by the complainant are supported. The investigative activity included interviews, research, data collection and the completion of an investigative inquiry where eight (8) out of seventy-two (72) SRF projects, did not support the Complainant’s allegations. It appeared the Complainant along with [REDACTED] staff were incorrect in their assumption that certain SRF projects actual had assistance agreements within the date parameters specified in AIS, (i.e. assistance agreements executed between January 17, 2014 through December 2014); and / or were incorrect in their assumption that the SRF projects needed to meet AIS requirements. It appeared the Complainant, was incorrect in [REDACTED] accusation that the RF Valves facility Hanover, MD, was only used for warehousing and sales. Furthermore, it appeared the Complainant was incorrect in [REDACTED] assumptions that the RF Valves facility lacked the ability to manufacture and test iron and steel product in their facility, or in the U.S. Finally, after reviewing and comparing email files and other documents obtained from the primary contractor, City of Newport officials, the supplier and the manufacturer (RF Valves), it appeared RF Valves did not make a false claim (s), but rather the fault may have been the responsibility of others, but not RF Valves.

Allegation 1: Misrepresentation of their company (RF Valves, Inc) and their product (Vent-O-Mat valves), by stating, “Vent-O-Mat valves qualifies for AIS, if specified in the purchase order”.

Unsupported – In an effort to determine if the complainant’s allegations were valid, on October 12, 2016, the case agent conducted an interview with [REDACTED] RF Valves, in Hanover, MD and [REDACTED], at the facility located in Hanover, MD. According to [REDACTED] in 2015, RF Valves completed approximately 2,800 orders and out of this approximately 20 orders were an AIS request for product. [REDACTED]

continued to explain AIS orders made up a very small percentage of their business. [REDACTED] furthered explained, RF Valves does not stock AIS product, it is made to order. This is why the language, *“These valves will be AIS Compliant when the project specifies this in their purchase order”*, is included in their advertisement. According to [REDACTED] when the finished AIS product has been manufactured, a certification letter accompanies the finished product stating i.e., *“These valves are AIS compliant”*, and when completing an AIS purchase order, 100% of the manufacturing occurs in Hanover, MD, or at other partnered vendors across the U.S. This process includes all raw materials, melting, manufacturing, etc being fully sourced in the U.S., and all vendors provide manufacturing documents, certificates of compliance, metallurgical test reports and Certificate of Mill Test (Mill Test). Upon completion of the interview, [REDACTED] provided documents such as Mill Test Sheets, Certificates of Compliance, AIS Certification Letters, shipping instructions, and purchase orders for two of the more recent AIS projects that they supplied product; Back River Wastewater Treatment Plant Sludge Plant 4, MD, Neely Road, NC, and City of Fresno, California Southwest Quadrant 1B.

Allegation 2: The RF Valves facility in Hanover, MD, is just a distribution center and sales agent, but not a facility for production / manufacturing of iron and steel product.

Unsupported – On October 12, 2016, the OIG Agents toured the RF Valve facility in Hanover, MD. Inside the warehouse the OIG Agents observed shelves upon shelves of parts stocked for assembly, but they also observed iron and steel parts labeled and marked specifically for AIS orders. In addition, the OIG Agents observed several testing stations to include air pressure testing stations, label placards marked RF Valves Hanover, MD, USA, used for their domestic order requests and label placards marked DFC, Hanover, MD for their non-AIS product orders. To demonstrate how the domestic USA parts were separated from the DFC non AIS parts, [REDACTED] was able to show the step certification letters that were kept in the bottom bins beside the location of each part. In addition, for further clarification and separation of parts, RF Valves labels their AIS parts with the markings “A I S” at the end of each item number. Upon completion of the interview, RF Valves willingly provided the requested documents; such as Mill Test Sheets, Certificates of Compliance, AIS Certification Letters for projects, shipping instructions, and purchase orders for these AIS projects; Back River, MD, Neely Road, NC, and Fresno, CA.

Allegation 3: RF Valves made a false claim (s) on the Big Creek Force Main project in Newport, OR, and supplied foreign made product (Vent-O-Mat air release valves) manufactured in South Africa.

Unsupported – On April 1, 2014, Treatment Equipment Company (TEC) a representative of RF Valves on the west coast, submitted a quote to the supplier Consolidated Supply (Consolidated). On April 11, 2014, Consolidated asked TEC, *“Does this Vent-0-Mat material quote meet the specs that call out Domestic/Buy American/ Appropriations Act of 2014?”* Same day, April 11, 2014, TEC responded, *“The valves we quoted did not meet ARRA requirements. RF Valve has the ability to make these here in the USA..... “They have been searching to see what's available and if they can find some, if they can stay at the price we quoted at bid time. Unfortunate as of this [morning], they have not had any luck”.*

On April 30, 2014, Consolidated submitted the purchase order to TEC and asked how long would it take to get the submittal drawings, and that they needed the drawings ASAP so that they could try and get an import approved.

On May 1, 2014, TEC emailed Consolidated, *“Can you confirm that these valves do not have to meet ‘Buy American’ requirements? I had communications with [REDACTED] regarding this and the fact we were not able to find any US steel available. Do they need to be fabricated in the US?”* Later that morning @ 7:41AM, Consolidated responded via email, *“We are going to try to submit that way and see if we can get it approved”.*

On May 1, 2014, [REDACTED] a second representative for RF Valves, submitted Consolidated's purchase order to the RF Valves facility in Hanover, MD via Orders@rfvalve.com along with this message, *“Determining ASAP whether valves must be ‘made in USA’. HOLD FOR RELEASE pending submittal approval. ([REDACTED] is aware!).....It is my understanding that the contractor wants these on site not later than July. Later than that and it will hold him up. So...I'm pushing for the answers to the ‘made in USA’ questions ASAP”.*

On May 2, 2014, [REDACTED] emailed RF Valves, *“We have submitted to the engineer, ‘South African’ product. We seem to have the contractor’s ‘help’ here. Perhaps it will fly. So...Please HOLD FOR RELEASE PENDING SUBMITTAL APPROVALS. Thanks”*

On May 7, 2014, Consolidated emailed the Primary Contractor, K & Excavating, *“..... We are still waiting on the drawings to come back for the plug valves, and I will forward those to you as soon as they are in my hands. There are some Buy America waivers we are working on that will be sent over tomorrow that are [to] going to allow us to use some import valves/fittings that have extremely long lead times Big Creek Submittals”.*

On May 9, 2014, [REDACTED] emailed the engineers for the project, [REDACTED]. [REDACTED] sent the engineers a blank waiver request form and the EPA website where the waiver request should be submitted. In addition, [REDACTED] sent the engineers this hand-written note, *“Waiver Request for: City of Newport, Big Creek Force Main Project #KN0010-1002-14, Bid Date: April 1, 2014, Submittal #8, Vent-O-Mat sewage air release valves Model 050Rgdx102156, Per Spec Section 40-29-58. Reason for Exception: Time of delivery / availability due to availability of raw material produced in the USA. The manufacturer states they do have the ability but time restraints are a problem”.*

On June 17, 2014, Consolidated gave the okay for RF Valves to start processing their purchase order for six (6) Vent-O-Mat air release valves. *It should be noted Consolidated changed the original request for 15 Vent-O-Mat air release valves, to just 6.*

On September 17, 2014, the [REDACTED] emailed [REDACTED] *“This is the situation: This is in regards to our order # S6858558.001[,] that you already shipped to us. We should have ordered these domestically produced, but we mis-interpreted the Iron and Steel Act. The original spec was for Vent-Tech valves but we wanted to go with you guys. This has*

blown up in our face, so I need to know how quickly you could make these valves domestically”.

Allegation 4: At least 72 SRF projects are in violation of the AIS requirements which are in the Appropriations Act of 2014 P.L.113-76, because foreign made product was supplied to the project and the EPA granted waivers when they should not have.

Unsupported – In an effort to determine if the complainant’s allegations were valid, first the Agency (EPA CWSRF) answered questions and looked into at least four (4) projects on their own; (1). Big Creek Force Main, Newport, OR, (2). Sherwood Forest Goodwood Boulevard Pipeline, East Baton Rouge, Louisiana (LA), (3). South Side Park LS and Sewer project, City of Belleville, Illinois (IL), and (4). Proposition 84 Infrastructure Bond \$5.38 Billion Resource and Water Bond, California (CA).

Secondly, the complainant simultaneously informed the OIG OI’s office of approximately seventy-two (72) SRF projects that ■ alleged were in violation of AIS provisions. The case agent researched, collected dated and investigated a total of eight (8) SRF projects in EPA Region 3 and EPA Region 4.

The results of the reviews were that either the project was not a recipient of a SRF loan; the SRF projects did not have assistance agreements within the date parameters specified in AIS, (i.e. assistance agreements executed between January 17, 2014 through December 2014); or the project did not use air release valves supplied by the alleged subject of the investigation, RF Valves.

DISPOSITION:

The allegations against RF Valves, Inc., of Hanover, MD, are not supported. No evidence was found to show that RF Valves made false statements on the Big Creek Force Main project in Newport, OR. It appeared the RF Valves facility in Hanover, MD., is capable of testing and manufacturing iron and steel product, or RF Valves’ partners with vendors across the U.S. that contribute to the production, melting, manufacturing, etc of iron and steel for their domestic Vent-O-Mat air release valves. It is believed that continued investigation would not be in the best interests of the government. As such, no further investigative activity is anticipated. Absent any new information that would support the allegations, this investigation is closed in this office.